



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 81**

1 **AN ACT to create** 100.65 of the statutes; **relating to:** contracting with residential
2 contractors and providing a penalty.

Analysis by the Legislative Reference Bureau

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 100.65 of the statutes is created to read:
4 **100.65 Residential contractors.** (1) In this section:
5 (a) "Consumer" means an owner or possessor of residential real estate.
6 (b) "Dwelling unit" means a structure or that part of a structure that is used
7 or intended to be used for human habitation.
8 (c) "Promise to pay or rebate" includes granting any allowance or offering any
9 discount against fees to be charged or paying a consumer any form of compensation,
10 gift, prize, bonus, coupon, credit, referral fee, or any other item of monetary value.

1 (d) “Residential contractor” means a person who enters into a written or oral
2 contract with a consumer to repair or replace a roof system or to perform any other
3 exterior repair, replacement, construction, or reconstruction of residential real
4 estate.

5 (e) “Residential real estate” means residential property containing a
6 one-family or 2-family dwelling.

7 (f) “Roof system” includes roof coverings, roof sheathing, roof weatherproofing,
8 and insulation.

9 **(2)** No residential contractor may, including in any advertisement, promise to
10 pay or rebate all or any portion of a property insurance deductible as an incentive to
11 a consumer entering into a written or oral contract with the residential contractor
12 to repair or replace a roof system or to perform any other exterior repair,
13 replacement, construction, or reconstruction of residential real estate.

14 **(3)** Before entering into a written contract with a consumer to repair or replace
15 a roof system or to perform any other exterior repair, replacement, construction, or
16 reconstruction of residential real estate, a residential contractor shall do all of the
17 following:

18 (a) Furnish the consumer with a statement in boldface type of a minimum size
19 of 10 point in substantially the following form:

20 Please indicate whether, to the best of your knowledge, the work contemplated
21 by this contract is related to a claim under a property insurance policy:

22 ... YES, to the best of my knowledge, the work contemplated by this contract
23 is related to a claim under a property insurance policy.

24 ... NO, to the best of my knowledge, the work contemplated by this contract is
25 not related to a claim under a property insurance policy.

1 Date

2 Customer's signature

3 Residential contractor's signature

4 You may cancel this contract at any time before midnight on the third business
5 day after you have received written notice from your insurer that the claim has been
6 denied in whole or in part under the property insurance policy. See the attached
7 notice of cancellation form for an explanation of this right.

8 (b) Furnish the consumer a completed form in duplicate that is attached to the
9 contract, is easily detachable, and contains, in boldface type of a minimum size of 10
10 point, the following statement:

11 **NOTICE OF CANCELLATION**

12 If you are notified by your insurer that the claim under the property insurance
13 policy has been denied in whole or in part, you may cancel the contract by personal
14 delivery or by mailing by 1st class mail a signed and dated copy of this cancellation
15 notice or other written notice to (name of contractor) at (contractor's business
16 address) at any time before midnight on the third business day after you have
17 received the notice from your insurer. If you cancel the contract, any payments made
18 by you under the contract, except for certain emergency work already performed by
19 the contractor, will be returned to you within 10 business days following receipt by
20 the contractor of your cancellation notice.

21 **I CANCEL THIS CONTRACT**

22 Date

23 Customer's signature

24 (4) Before a consumer enters into a written contract with a residential
25 contractor to repair or replace a roof system or to perform any other exterior repair,

1 replacement, construction, or reconstruction of residential real estate, the consumer
2 shall indicate to the residential contractor whether, to the best of the consumer's
3 knowledge, the work contemplated by the contract is related to a claim under a
4 property insurance policy. If the consumer makes the indication on the statement
5 provided by the residential contractor under sub. (3) (a), the residential contractor
6 shall retain the statement and provide the consumer with a copy of the statement.

7 (5) A consumer who enters into a written contract with a residential contractor
8 to repair or replace a roof system or to perform any other exterior repair,
9 replacement, construction, or reconstruction of residential real estate all or part of
10 which is to be paid under a property insurance policy may cancel that contract prior
11 to the end of the 3rd business day after the insured receives written notice from the
12 insurer that the claim under the property insurance policy is denied in whole or in
13 part. The consumer shall give the residential contractor written notice of
14 cancellation by personal delivery of the notice or by 1st class mail to the residential
15 contractor's address stated in the contract. If the notice is given by mail, the notice
16 shall be postmarked before midnight of the 3rd business day after the insured
17 receives written notice from the insurer of the denial of the claim. The notice shall
18 be sufficient if the consumer uses the notice of cancellation form in sub. (3) (b) or
19 provides other written notice that indicates the consumer's intent not to be bound by
20 the contract.

21 (6) Within 10 days after a residential contractor receives a cancellation notice
22 under sub. (5), the residential contractor shall return to the consumer any payments
23 made, any deposits made, and any note or other evidence of indebtedness related to
24 the contract. However, if the residential contractor has performed any emergency
25 services, acknowledged by the consumer in writing to be necessary to prevent

1 damage to the residential real estate, the residential contractor shall be entitled to
2 the reasonable value of those services.

3 (7) Any provision in a written contract with a residential contractor to repair
4 or replace a roof system or to perform any other exterior repair, replacement,
5 construction, or reconstruction of residential real estate that requires the payment
6 of any fee for anything except emergency services under sub. (6) is not enforceable
7 against the consumer who has cancelled the contract under sub. (5).

8 (8) No residential contractor may represent or offer or advertise to represent
9 a consumer or negotiate or offer or advertise to negotiate on behalf of a consumer with
10 respect to any insurance claim related to the repair or replacement of a roof system
11 or to the exterior repair, replacement, construction, or reconstruction of residential
12 real estate. This subsection does not prohibit a residential contractor, with the
13 express consent of an insured, from doing any of the following:

14 (a) Discussing damage to the insured's property with the insured or an
15 insurance company's representative.

16 (b) Providing the insured an estimate for repair, replacement, construction, or
17 reconstruction of the insured's property, submitting the estimate to the insured's
18 insurance company, and discussing options for the repair, replacement, construction,
19 or reconstruction with the insured or an insurance company's representative.

20 (9) Any person who violates this section shall forfeit not less than \$500 nor
21 more than \$1,000 for each violation.

22 **SECTION 2. Initial applicability.**

23 (1) This act first applies to contracts that are entered into on the effective date
24 of this subsection.

25 **SECTION 3. Effective date.**

